

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7117

BILL NUMBER: HB 1587

NOTE PREPARED: Jan 17, 2009

BILL AMENDED:

SUBJECT: PERF and TRF Investment Option Changes.

FIRST AUTHOR: Rep. Avery

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ___ GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill: (1) permits members of the Teachers' Retirement Fund (TRF) and the Public Employees' Retirement Fund (PERF) to change investment selections once each day, with the change being effective on the next business day after the fund receives the change notice; (2) establishes the market valuation date of a member's investment as of five business days before the date of the member's distribution or annuitization at retirement, disability, or suspension and withdrawal; (3) codifies a noncode provision that permits members of the Legislator's Retirement System to change investment selections once each day; and (4) repeals the noncode provision.

Effective Date: January 1, 2010.

Explanation of State Expenditures: PERF and TRF have signed a joint contract with a record keeper to change investment selections once each day. The contract charge is \$17.50 per member. As of June 30, 2008, PERF had approximately 140,000 members who would be affected while TRF had approximately 115,000. The \$17.50 charge per member would cost about \$2.45 M for PERF and \$2.01 M for TRF, based on the above membership.

The expenditures would be paid from the PERF and TRF administrative funds.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: TRF; PERF.

Local Agencies Affected:

Information Sources: Terry Magi, Executive Director of PERF, 317-234-4375; Steve Russo, Executive Director of TRF, 317-232-3864.

Fiscal Analyst: James Sperlik, 317-232-9866.